



PRESS RELEASE

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IRS – Criminal Investigation

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Former New York City Corrections Officer Pleads Guilty to Multimillion Dollar Tax Refund Conspiracy

A Middle Island, New York resident pleaded guilty today in the U.S. District Court for the Eastern District of New York to one count of conspiracy to defraud the United States, announced Acting Assistant Attorney General Caroline D. Ciraolo of the Justice Department's Tax Division.

Rodney Chestnut, a retired corrections officer for the New York City Department of Corrections, pleaded guilty to count one of the pending indictment, which alleged that between 2008 and 2012, he participated in a scheme to submit false tax returns seeking fraudulent income tax refunds in excess of \$3.4 million to the Internal Revenue Service (IRS). According to the indictment, Chestnut worked with Clive Henry, a former IRS employee in the business of preparing tax returns, and another individual, to recruit clients to this scheme, which involved using fraudulent IRS Forms 1099-OID to falsely claim refunds of taxes that never paid over to the IRS. The indictment alleged that Chestnut, Henry and the other individual collected fees from clients based on a percentage of the refunds received, and supplied the clients with correspondence containing false and frivolous claims to send to the IRS in response to IRS warning letters regarding the false tax returns.

In 2013, a federal court permanently enjoined Chestnut from promoting a tax fraud scheme involving fraudulent Forms 1099-OID and from preparing tax returns for anyone other than himself.

U.S. District Judge Kiyo A. Matsumoto scheduled sentencing for May 12, 2016. Chestnut faces a statutory maximum sentence of five years in prison and a fine of up to \$250,000, or twice the loss from the offense. Henry pleaded guilty to conspiracy to defraud the United States on Nov. 17. His sentencing is set for March 23, 2016.

Acting Assistant Attorney General Ciraolo commended special agents of IRS-Criminal Investigation, who investigated the case and Trial Attorneys Erin Pulice, Mark Kotila and Jeffrey A. McLellan of the Tax Division, who are prosecuting the case.

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